Calendar No. 643

99TH CONGRESS
2d Session

SENATE

REPORT
99-293

PROHIBITING THE SALE OF INTEGRATED AVIONICS SYSTEM KITS TO THE PEOPLE'S REPUBLIC OF CHINA

MAY 6 (legislative day, MAY [illegible], 1986.—Ordered to be printed

Mr. LUGAR, from the Committee on Foreign Relations, submitted the following

REPORT

Together with

ADDITIONAL VIEWS

[To accompany S.J. Res. 331]

The Committee on Foreign Relations to which was referred the joint resolution (S.J. Res. 331) prohibiting the sale of integrated avionics system kits to the People's Republic of China, having considered the same, reports unfavorably thereon without amendment and recommends that the joint resolution do not pass.

PURPOSE OF THE RESOLUTION

The purpose of the resolution is to disapprove the proposed sale of 55 avionics system kits to the People's Republic of China (PRC) about which the Congress was formally notified on April 8, 1986 pursuant to section 36(b) of the Arms Export Control Act.

The sale to be disapproved by Senate Joint Resolution 331 totals $550 million and includes avionics system kits specifically configured for integration into the People's Liberation Army Air Force F-8 interceptor aircraft.

BACKGROUND

In June 1981, Secretary of State Alexander Haig announced that the United States was willing to sell arms to the PRC on a commercial case-by-case basis. In May 1983, Commerce Secretary Malcolm Baldrige announced an easing of restrictions on the sale of

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dual-use technology and in September 1983, Secretary Caspar Weinberger initiated a new program of U.S.-Sino military cooperation. This program included strategic dialog between the United States and Chinese military, exchanges, and the identification of procurement areas for future military sales and technology transfers. The military procurement areas were identified to include: artillery, anti-tank, air defense, and surface ship anti-submarine warfare weapons munitions, equipment and support.

The President declared the People's Republic of China eligible to purchase U.S. defense articles and service through the Foreign Military Sales (FMS) cash system in June 1984. Congress was notified of the first sale proposed under the FMS system in September 1985. The sale included technical data packages, design and layout, project management services, training and related technical services to assist the PRC modernize its artillery production facilities.

The proposed avionics sale for which the resolution of disapproval was introduced is the second sale to the PRC proposed under the FMS cash system. The proposed avionics sale includes several major components: an airborne radar, heads-up display, digital data bus, inertial navigation system (INS), mission computer, and air data computer. The components, once integrated into a system, will be designed through software and equipment for the F–8 defensive air intercept mission. The radar will have the capability for look-down search and track of low-flying bombers and fighter-bombers. The Administration informed the committee the technology involved will be essentially "off the shelf" and of 1970's vintage.

To date, the PRC has received no deliveries of military equipment purchased through the FMS system. The PRC receives no U.S. financing for military purchases.

The United States has signed contracts, amounting to several hundreds of millions of dollars, to provide military articles and services to the PRC through commercial military channels. These contracts involve direct sales from U.S. manufacturers to the PRC, after having received approval through the State Department commercial military licensing process. The contracts include the sale of 24 S–70C Sikorsky helicopters (civilian derivatives of the Black Hawk military helicopter), gas turbine engines, naval engines, coastal radars and other communications equipment. There have also been discussions of co-production of the I-TOW anti-tank system and the MARK 46, MOD–2 anti-submarine torpedo, but no formal requests have been sent to the Congress.

COMMITTEE ACTION

The committee was informally notified on February 28 by the Director of the Defense Security Assistance Agency of the Administration's intention to sell the avionics system kits to the People's Republic of China.

The Department of State formally notified the Congress of the proposed sale on April 8. On April 24, Senator Helms introduced a resolution of disapproval to prohibit the sale.

The committee held a hearing on the sale on April 29 and explored the rationale behind the sale, the effect of the sale on the regional military balance and explored the future course of U.S.-

Sino military cooperation. The hearing began in open session and moved to a closed session to hear Administration witnesses discuss sensitive issues involving the sale. The Administration witnesses were Mr. James Lilley, Deputy Assistant Secretary of State for East Asian and Pacific Affairs, and Rear Admiral Edward B. Baker, Jr., Acting Deputy Assistant Secretary of Defense for East Asian and Pacific Affairs. Senator Malcolm Wallop testified in opposition to the sale at the hearing.

The committee met in open session on May 1 to discuss the sale and to act on the resolution of disapproval. Following the discussion, Senators Lugar and Pell introduced a proposed committee letter to the President that sets criteria for future military sales to the People's Republic of China and stipulates that Congress would have to be notified of any technical upgrade of the equipment proposed be in accordance with existing provisions in the Arms Export Control Act. Congress would have the right of disapproval. The letter requests a positive response from the President, noting that those supporting the sale did so with that expectation.

The committee approved the letter to President Reagan without objection and with a quorum present. It is the intent of the committee that the letter to the President set the standards the Administration must follow in future arms sales to the PRC. The text of the letter follows:

> DEAR MR. PRESIDENT: As Members of the Committee on Foreign Relations, we believe that the evolving military relationship with the People's Republic of China should continue to be governed by prudence and restraint.
>
> Accordingly, we conclude that it is essential that the Senate have a clear understanding of your policy with regard to future military sales in the region. We ask that you require the following criteria be applied to all major military sales proposals to the People's Republic of China before they are submitted to the Congress:
>
> 1. The sale will not increase the threat to Taiwan and the other non-communist countries in the area;
>
> 2. The sale will have the specific purpose of assisting the People's Republic of China in its legitimate defense against threats posed by the Soviet Union and Vietnam; and
>
> 3. The sale will not significantly alter the existing military balance between the People's Republic of China and Taiwan.
>
> In addition, the committee supports the proposed sale with the understanding that the performance capabilities of the avionics kits and components will not exceed those described in the Memorandum (with annexes 1 through 12) by the United States Delegation to the Coordinating Committee on February 28, 1986. As provided for in the Arms Export Control Act, upgrade of these capabilities would require a notification to the Congress pursuant to section 36(b)(5) of the Act.

The committee voted today, with Senator Helms dissenting and Senator Murkowski voting present, to support the

sale, while withholding final judgment pending a response to our concerns.

Sincerely,

The committee then voted on the resolution of disapproval which was disapproved by a vote of 1–14, with one member voting "present." Voting for the resolution was Senator Helms. Voting against the resolution were Senators Lugar, Kassebaum, Boschwitz, Pressler, Trible, Evans, Pell, Biden, Sarbanes, Zorinsky, Cranston, Dodd, Eagleton and Kerry. Senator Murkowski voted "present."

Senator Helms then moved that the committee report to the full Senate the committee's unfavorable recommendation on the resolution of disapproval. The motion was approved by a vote of 11–0 with one member voting "present." Voting in favor of the motion were Senators Lugar, Helms, Kassebaum, Boschwitz, Pressler, Trible, Evans, Pell, Biden, Sarbanes and Kerry. Senator Murkowski voted "present."

COMMITTEE COMMENTS

In rejecting the resolution of disapproval, some members argued that it is in the interest of the United States to cooperate with the PRC and that this particular sale would not disrupt the current military balance in the region or between the PRC and Taiwan. It was noted that the sale involved a limited number of avionics kits (55), that the United States would retain control over system maintenance and computer software and that the technology in question was 1970 era so that when installed, in the early 1990s would be some 15 years old.

However, in opposing the resolution of disapproval, many committee members expressed their concerns about U.S.-Sino military cooperation, particularly future U.S. military sales and U.S.-Sino military cooperation. Specifically, members noted that future military sales and cooperation:

—Should not adversely affect our relations with Taiwan, especially if these sales include surface naval vessels;
—Should not alter the military balance in the region;
—Should not provide the opportunity for the PRC to exploit sensitive technology for their own use;
—Should not motivate Taiwan to seek better quality military equipment and accelerate its military modernization program;
—Should not create unacceptable risks in providing sophisticated technology to an unreliable recipient; and,
—Should not place our military cooperation relationshp with the PRC on a track faster than our political relationship.

Several members referred to the Taiwan Relations Act of 1979 and the U.S.-China Joint Communique of 1982 in raising their concerns. The former declares that it is the policy of the United States to provide Taiwan with defensive arms to retain a sufficient self-defense capability and to continue providing Taiwan with defensive arms and services to maintain its security. The Joint Communique states that the United States will not provide Taiwan arms that exceed, "either in qualitative or quantitative terms," the level supplied in recent years and that we intend to gradually reduce the sale of arms over time. The People's Republic of China, for its part,

reaffirmed its peaceful intentions toward Taiwan. Both the Taiwan Relations Act and the Joint Communique were raised because members were concerned with the potential for increased U.S. arms sale to the mainland while at the same time we are limited in the amount and sophistication of military sales we could sell to Taiwan.

COST ESTIMATE

Rule XXVI, paragraph 11(a) of the Standing Rules of the Senate requires that committee reports on bills or joint resolutions contain a cost estimate for such legislation in the fiscal year it is reported and in each of the following 5 years. The resolution of disapproval, if approved by both House of Congress, would not involve any additional direct cost to the U.S. Government.

EVALUATION OF REGULATORY IMPACT

In accordance with Rule XXVI paragraph 11(b) of the Standing Rules of the Senate, the committee has concluded that there is no regulatory impact from Senate Joint Resolution 331.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of the XXVI of the Standing Rules of the Senate, the Committee notes that no changes are made by this joint resolution.

ADDITIONAL VIEWS OF SENATOR JESSE HELMS

The sale of avionics technology to Red China should not be viewed as an isolated event, but as part of a continuing State Department strategy to "solve the Taiwan problem." According to the China policy that has dominated the U.S. State Department for the past 15 years, the major obstacle to achieving "better relations" with Red China is "the Taiwan problem." The "Taiwan problem" is the refusal of the Republic of China on Taiwan to surrender its sovereignty and liberty to the Communist regime on the Mainland.

Who will seriously fault our longtime and faithfull ally for wanting to remain free?

Look at the history of the matter: Since 1971, the State Department has been engaged in a series of moves carefully designed to withdraw gradually U.S. support for the anti-Communist government of Taiwan, while at the same time increasing our relationship with the Communist government in Peking. This strategy has been managed with the clear goal in mind of avoiding an abrupt or chaotic transfer of power, but which would, nevertheless, impose Communist sovereignty over Free China.

These steps have included

A passive acquiescence in expelling the Republic of China from the United Nations,

The institution of trade and diplomatic contacts,

The formal recognition of the Peking Regime,

The "derecognition" of the government of Free China,

The abrogation of the Mutual Defense Treaty with the Republic of China,

The refusal to provide Taiwan with significant military capabilities, such as the F-16 or the F-20, and

The initiation of a program to upgrade selected capabilities of Peking's People's Liberation Army.

The transfer of military technology to Red China is an essential part of the strategy to sell out Taiwan. By denying Free China any significant qualitative upgrade of its defensive capability (while continuing to sell quantities of lower grade material), the State Department effectively puts a freeze on Free China's options for independence. At the same time, by gradually increasing military cooperation with the Communists, we supposedly build up their confidence that we really do mean to deliver the citizens of the Republic of China into Communist slavery.

This policy was succinctly stated in the U.S.-PRC joint communique of August 17, 1982, issued on the occasion of Vice President George Bush's trip to Red China. The communique said:

> Having in mind the foregoing statements of both sides, the U.S. Government states that it does not seek to carry out a long-term policy of arms sales to Taiwan, that its

> arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends to reduce gradually its sales of arms to Taiwan, leading, over a period of time, to a final resolution.

The communique is not an executive agreement, and has no force in international law. Moreover, it directly contradicts the Taiwan Relations Act, which sets the sole criterion for U.S. arms sales to Taiwan to be Taiwan's need for defense. The Taiwan Relations Act excludes any consideration of U.S. relations with Peking as a criterion for sales to meet Taiwan's defense needs. Indeed, the act specifically says that "the President and the Congress shall determine the nature and quantity of such defense articles and services based solely upon their judgment of the needs of Taiwan."

It is noteworthy that the Taiwan Relations Act says that this determination shall be made both by the President and by Congress. So long as the Administration is on record that its intention is to reduce Taiwan's side of the military balance to zero, Congress should refuse to allow any arms sales to the Peking side of the balance. That is why Senator Goldwater and I introduced the resolution of disapproval.

Although the Administration testified in the hearings on the sale that the avionics sale to Peking had no relation to the promise to reduce military sales to Taiwan to zero, the fact remains that the qualitative modernization of the People's Liberation Army significantly alters the military balance in Asia when Taiwan is under a qualitative freeze.

From a military standpoint, the significant factor is the need for Taiwan to maintain air superiority in the Taiwan Straits. Any technical upgrade to the Communist side would upset that balance in the long run. By improving the avionics of the People's Liberation Army aircraft, the United States would be complicating the defense problems of the Republic of China, and thereby adding an element of uncertainty to Taiwan's present air superiority. Even though the Administration argues that the Communist F-8s with the improved avionics would be based in the north to give all-weather and night-time capability against Soviet forces, the fact remains that Soviet aircraft are so far superior to the Chinese that the additional capability is militarily meaningless in the northern context.

Deployed against Taiwan, however, the improved F-8s would have some meaning in an attempt to overwhelm Taiwan by sheer numbers. It should also be pointed out that the Administration seems to view this sale in isolation, without revealing what other sales are planned down the line, or what other purchases from third countries may be available to the Communists. The avionics sale could become only one building block in a modernization effort that could seriously threaten Taiwan, and destroy its freedom of independence.

Moreover, the transfer of technology itself would be a significant factor for the Chinese Communist weapons industry. Nor have the Chinese Communists given sufficient guarantees against transfer of

the technology to third parties. As always, the U.S. State Department is ever anxious to avoid making Red China live up to the minimal guarantees expected of agreements among civilized nations.

The sale of advanced avionics to Red China is another step in U.S. State Department's long history of accommodating the interests of the United States and the interests of freedom to Communist goals and programs. The group of Owen Lattimores, Edgar P. Snows, and Richard K. Fairbankses who long argued for the glories of Mao Tse-tung and his agrarian reformers have had apt pupils in the group of State Department experts who are busily finishing off the Communist conquest of China. There may be those who really believe that accommodating with Communism is good for the international banks and the multinational corporations, or who do not see any reason why we shouldn't compromise with Communism if it will "reduce tensions," but the Senator from North Carolina is not among them.

ADDITIONAL VIEWS OF SENATOR MURKOWSKI

I do not oppose this sale as such. Viewed as an individual agreement, it makes sense, and I support it. My concern is that, while we have carefully reviewed the details of this particular sale, we have not thought through sufficiently the long-term policy on which it means we are embarking.

This is not the first arms transfer to the PRC to be approved by Congress since U.S. policy was amended to envision such agreements. However, it represents a quantum leap in the evolving arms supply relationship between the United States and the PRC. I strongly agree with my colleagues that we need to exercise great caution and restraint as that relationship develops.

Some of my concerns are addressed by the committee's letter to the President regarding three criteria to be applied to any future military sales proposals involving the PRC. Such sales should not increase the threat to members of ASEAN or China's other non-Communist neighbors; should be clearly defensive in nature; and should not upset the existing military balance between the PRC and Taiwan.

Even if these assurances are provided, however, I remain concerned about where we are going over the long run with this kind of sale. We need to know more clearly how it fits into our expanding military relationship with China and, in turn, where this military relationship fits into our still limited political relations.

Under the Taiwan Relations Act, we have an obligation to provide Taiwan with the arms it needs to maintain its defensive military balance with the PRC. At the same time, we have a commitment under the 1982 Joint Communique with the PRC to gradually reduce arms transfers to Taiwan. It will be difficult to meet both these obligations in the context of an expanding arms supply relationship with the PRC.

U.S. policy on this issue should not be shaped by a series of ad hoc arms sale opportunities, or a spiraling relationship in which we sell more to both Taiwan and the PRC to keep the balance which exists today. I am not satisfied that this question has been adequately addressed, and I attempted to have this vote postponed until it could be. Since it was not, I voted "present" to record my view that we have not thought through sufficiently the road on which we are embarking with this sale.

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Calendar No. 655

99TH CONGRESS
2d Session

SENATE

REPORT
99-304

DIPLOMATIC SECURITY AND ANTI-TERRORISM ACT OF 1986

MAY 20 (legislative day, MAY 19), 1986.—Ordered to be printed

Mr. LUGAR, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany H.R. 4151]

The Committee on Foreign Relations, to which was referred the bill (H.R. 4151) to provide enhanced diplomatic security and combat international terrorism, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

COMMITTEE ACTION

While reviewing the issue of the security of our overseas diplomatic missions, the Committee on Foreign Relations held four public hearings, one closed hearing, and one mark-up session.

On July 16, 1985, the committee received public testimony from Admiral Bobby R. Inman, Chairman of the Secretary of State's Advisory Commission on Overseas Security, on the findings and recommendations of that panel. On July 17, 1985, Admiral Inman returned to testify in closed session and was joined by Assistant Secretary of State for Administration Robert Lamb.

On January 23, 1986, Senator Lugar introduced, by request, S. 2015, an Administration proposal to improve security for our diplomatic personnel and facilities overseas. The bill was read twice and referred to the Committee on Foreign Relations.

On February 4, 1986, the committee received testimony from Secretary of State George Shultz on behalf of the Administration proposal. Accompanying the Secretary were Ronald I. Spiers, Under Secretary of State for Management, and Mr. Robert Lamb, Director of the Bureau of Diplomatic Security.

On March 19, 1986, H.R. 4151, a House-passed measure that amended the original Administration bill and included additional

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provisions to combat international terrorism, was referred to the committee.

After the February hearing, the committee submitted a list of questions to the Administration on this proposal. The Administration responses to the questions, as well as the findings of staff visits to embassy sites during the Easter recess, helped form the basis of a hearing held April 30, 1986. When Mr. Spiers and Mr. Lamb returned to the committee to testify, they were joined by Mr. David C. Fields, Director, Diplomatic Security Service, and Mr. Richard N. Dertadian, Deputy Assistant Secretary of State for Foreign Buildings.

Much valuable information was provided to the committee by individual State Department officers, representatives of other agencies with personnel overseas, firms experienced in overseas construction and representatives of industries concerned with the New Diplomatic Security Program.

On May 7, 1986, the committee held a hearing on titles V–XI of H.R. 4151, provisions dealing with combating international terrorism. This hearing also was concerned with S. 1941, a bill introduced by Senator Denton to clarify the manner in which economic sanctions are applied against state-sponsors of terrorism, and S. Con. Res. 190, a measure sponsored by Senator Specter calling for international negotiations to make acts of international terrorism a universal crime. Witnesses for the hearing included Senators Denton and Specter; Mr. Robert Oakley, Ambassador at Large for Counter-Terrorism; Mr. Parker Borg, Deputy in the Office of the Ambassador at Large for Counter-Terrorism; and Mr. Stephen Trott, Assistant Attorney General of the United States and head of the Criminal Division, Department of Justice.

On May 13, the Chairman circulated a draft substitute bill to committee members which served as the basis for a mark-up session held on May 14. During the mark-up session, discussion focused primarily on the amounts authorized in the Chairman's substitute for salaries and expenses and embassy construction. A motion by Senator Sarbanes to raise the authorization level to $1.39 billion from the Chairman's mark of $1.1 billion was defeated by a vote of 7 to 10. (For: Senators Mathias, Pell, Biden, Sarbanes, Cranston, Eagleton, and Kerry. Against: Senators Lugar, Helms, Kassebaum, Boschwitz, Pressler, Murkowski, Trible, Evans, Zorinsky and Dodd.)

Two amendments offered by Senator Zorinsky—one dealing with State Department reimbursement for Secret Service protection of spouses of foreign heads of state and one dealing with the security of embassy designs and blueprints—were adopted without objection and with a quorum present. In addition, an amendment by Senator Dodd to raise the Peace Corps authorization level of 1987 by $7.2 million was adopted by a show of hands. The bill was ordered reported without objection and with a quorum present.

Background and Committee Comments

With the increase in recent years of terrorists acts, especially against American personnel and property overseas, Congress has enacted numerous pieces of legislation in response to the rising

threat. Congress has expanded, clarified, and directed executive branch authorities to combat terrorism. Increases in funding for a wide range of programs have also been provided.

Major legislative initiatives in recent years have included enabling legislation for the Conventions Against Hostage-Taking, Aircraft Hijacking and Crimes Against Internationally Protected Persons. Several measures have been passed increasing presidential authority to impose economic sanctions against governments which aid, abet, or harbor terrorists, some of them country-specific. A program of anti-terrorism assistance to foreign countries has been established; a rewards-for-information fund was authorized and funded, and a major airport security measure was adopted last year on the foreign aid bill. Numerous sense of Congress resolutions on the issue of terrorism have also been passed.

In general, Congress has granted broad authority to the executive branch to respond to terrorism, especially regarding the imposition of economic sanctions. In addition to the authorities granted under the International Emergency Economic Powers Act and the foreign policy controls of the Export Administration Act, Congress last year granted the President authority to ban all imports from any country supporting or harboring terrorists or terrorist organizations. In the case of Libya, blanket authority was granted last year to ban both exports to and imports from that country.

Over the last decade Congress has authorized and funded higher and higher amounts for defensive measures to protect our personnel and facilities overseas. In 1974, the Department of State undertook a $123 million Public Access Control Program to deter and protect our facilities and personnel from mob violence and small-scale terrorist attack. Starting in 1980, as a result of the mob attacks on U.S. embassies in Tehran, Islamabad, and Tripoli, Congress embarked on a 5 year Security Enhancement Program, and with escalating attacks on Americans overseas, especially the Beirut bombings in 1983 and 1984, yearly approved supplemental funds for security. Total State Department funding for security since 1980—including both the regular budget and supplementals—has totaled more than $1.4 billion.

In the wake of the three Beirut bombings, Secretary of State Shultz convened the Advisory Panel on Overseas Security headed by Admiral Bobby R. Inman (USN-Ret.) in July 1984. After surveying a broad range of threats to our diplomatic missions and evaluating the manner in which the State Department was organized to respond to those threats, the panel issued its report in June 1985. The Inman panel, after noting that it was not possible to prevent all attacks upon our overseas facilities, recommended increased professionalism of State Department security personnel, strict accountability in cases involving significant loss of life, and a major construction program for upgrading and building new diplomatic facilities overseas.

The Administration did not embrace all of the Inman panel recommendations, but agreed with most of them. The panel's findings served as the principal basis by which the Administration submitted its legislative proposal as well as the basis by which the Secretary of State instituted numerous administrative changes dealing with counter-terrorism and security in the Department.

SECTION-BY-SECTION ANALYSIS

TITLE I—DIPLOMATIC SECURITY

Section 101—Short title

This section provides a short title for titles I through IV, which may be cited as the Diplomatic Security Act.

Section 102—Findings and purpose

The Diplomatic Security Act is a response to the new and profoundly difficult security-related challenges confronting U.S. Government personnel and missions abroad and in the United States. The Act is based on the recommendations of the Advisory Panel on Overseas Security formed by the Secretary of State in July 1984 and whose final report was submitted on June 17, 1985. The Act creates a new framework for the enhanced security of official personnel and facilities overseas and for foreign diplomatic personnel in the United States. The Act sets forth the responsibility of the Secretary of State with respect to the security of diplomatic operations at home and abroad; sets forth certain provisions relating to the Bureau for Diplomatic Security and for the Diplomatic Security Service of the Department of State; it provides for the convening of a board of inquiry to examine issues of accountability in cases involving terrorist or security-related attacks against U.S. personnel and facilities abroad; and it provides authorization of appropriations necessary for the Department of State to carry out its responsibilities as determined under this Act, and in particular to finance the acquisition of new missions overseas, and the substantial enhancement of security either by relocation, rehabilitation, or upgrade of additional posts.

Enhancing the security of U.S. embassies will require changes in the practices within the Department of State and, specifically, in the Office of Foreign Buildings that relate to the planning of new buildings and to the management of building design, construction and maintenance.

Section 103—Responsibility of the Secretary of State

Subsection (A) requires the Secretary of State to develop and implement, within the scope of resources available, policies and programs, including funding levels and standards, to provide for the security of U.S. Government operations overseas of a diplomatic nature only and foreign government operations of a diplomatic nature in the United States. Paragraph (1) of this subsection specifies that for purposes of this act the authority and responsibility of the Secretary of State extends to all U.S. Government personnel who are abroad on official duty other than those under the command of a U.S. area military commander. The Secretary of State is equally responsible for the security of dependents of U.S. official personnel abroad. Similarly, under paragraph (2) the Secretary's responsibility extends to the establishment and operation of security functions at all U.S. Government missions abroad.

Paragraph (3) extends the Secretary's responsibility to Department of State facilities in the United States. Paragraph (4) states

the Secretary's authority regarding protection of foreign missions, foreign officials and international organizations.

Subsection (b) restates and clarifies responsibilities assigned to the Secretary of State by the President in his letters to Chiefs of Mission of September 23, 1981 and makes explicit the responsibilities implicitly assigned to the Secretary by section 207 of the Foreign Service Act of 1980 (22 U.S.C. 3927). Since one of the basic purposes of this legislation is to clarify the chain of command and ensure accountability at U.S. civilian posts abroad by making the Secretary and the Chief of Mission responsible for the direction and management of the Government's civilian overseas security program, it is necessary to restate and make explicit the Secretary's overall responsibility for the management and coordination of overseas post functions.

Otherwise, it would be impossible to hold the Secretary responsible for any part of the Diplomatic Security Program. Thus subsection (b)(2) makes the Secretary responsible for overseeing and determining the level of all official government staffing (other than for activities under the direction of U.S. military area commander). This responsibility is critical to the success of the Diplomatic Security Program to be implemented pursuant to this Act.

Furthermore, this responsibility is also essential in this time of budget constraint. The committee expects the Secretary will use this authority to reduce the size and possibly the number of U.S. missions for reasons of both security and economy as urged on several occasions during the consideration of this legislation.

For purposes of titles I through IV, subsection (c) defines the term "federal agency" as department or agency of the United States.

Section 104—The Bureau of Diplomatic Security

This section provides for the Bureau of Diplomatic Security of the Department of State to be headed by an Assistant Secretary. Subsections (b) and (c) provide for technical conforming changes in the law necessary by the increase in the number of Assistant Secretaries at the Department of State.

Subsection (d) directs that new spending authority under this section shall be effective for any fiscal years only to the extent provided in appropriation acts.

Section 105—Responsibilities of the Assistant Secretary for Diplomatic Security

In order to have effective management and implementation of a Diplomatic Security Program, the responsibility for the operation of that program should be consolidated in the Office of the Assistant Secretary for Diplomatic Security. The specific functions of that office have been provided to the Committee in testimony. This section allows the Secretary of State to change those functions if necessary.

Section 106—Cooperation of other Federal agencies

Subsection (a) imposes an obligation on other Federal agencies to cooperate to the maximum extent possible with the Department of State to facilitate the fulfillment of its security responsibilities. To

that end, this subsection provides that, such agencies, through agreement, may render assistance, with or without reimbursement, to the Department of State.

Furthermore it is expressly provided that such agencies may provide logistic support, perform security inspections and other overseas security functions as authorized by the Secretary of State. Assistance of this nature would be appropriate in circumstances, for example, involving the facilities of other agencies. In such cases, the legislation authorizes the Secretary of State, if he so chooses, to delegate operational control, subject, however, to the Secretary's overall responsibility.

To ensure the full implementation of titles I–IV of this act, the Department of State and other foreign affairs agencies should work together in security survey teams. The Assistant Secretary of the Bureau for Diplomatic Security shall ensure that any disagreements between foreign affairs agencies, or between a foreign mission and the Department of State are resolved in an expeditious manner, taking into consideration the views and needs of all parties.

Subsection (b) makes clear that nothing in title I through IV of this act shall be construed to limit or impair the authority of any Federal, State or local authority with respect to law enforcement, domestic security operations or intelligence activities.

Section 103 gives the Secretary of State authority to set manning levels at all overseas missions. In the event of a disagreement between the Secretary's authority in Section 103 and subsection (b) of this section, the President shall resolve the matter.

Subsection (c) expedites the process of providing office space for the personnel needed by the Department to carry out its security-related activities, by approving a lease by GSA of necessary space, subject to appropriation.

TITLE II—DIPLOMATIC SECURITY SERVICE

Section 201—Establishment of the Diplomatic Security Service

This section establishes the Diplomatic Security Service.

Section 202—Director of the Diplomatic Security Service

This section provides that the Diplomatic Security Service will be headed by a Director who shall be designated by the Secretary of State. That person must demonstrate qualifications appropriate for the position. This section also provides that the Director will act under the supervision and direction of the Assistant Secretary for Diplomatic Security.

Section 203—Positions in the Diplomatic Security Service

This section makes clear that the Diplomatic Security Service is to be staffed by drawing upon the existing Foreign Service and Civil Service personnel systems.

This section also provides for the development of position qualifications to be prescribed by the Secretary of State. In the case of "special agents", the position qualifications should include minimum and maximum entry age limitations. Such age requirements are commonly found in organizations having security-related and

law enforcement responsibilities. In addition, the position qualifications for special agents must incorporate the standards required by law in order to carry out security functions and to exercise the law enforcement authorities available to such special agents.

TITLE III—PERFORMANCE AND ACCOUNTABILITY

Accountability and acceptance of risk are fundamental to the improvement of overseas security. In the past, determining direct programatic and personal accountability for serious, security failures had been weak. Often, higher senior officials have ultimately accepted responsibility for operational failure in circumstances where they had no direct control. Perhaps most notable was the acceptance by the President of the United States of responsibility after the bombing of the U.S. Marine barracks in Beirut. Without personnel in the field being held responsible and accountable for their actions, unnecessary risktaking is inevitable.

Ambassadors and chiefs of missions are the key individuals at U.S. diplomatic missions responsible for maintaining a secure environment for American and foreign national employees overseas. A system must be established to ensure that requisite security advice is accepted and acted upon not only by Ambassadors and chiefs of missions, but by all senior officers, including Assistant Secretaries and their deputies in Washington. Central to such a system must be the formal acceptance within the Department of State and the foreign affairs agencies of the principle of accountability for actions taken.

This title establishes an Accountability Review Board to formally investigate all incidents involving serious security failures. The Accountability Review Board shall focus on the facts and circumstances surrounding a serious security failure, but shall not adopt as its central purpose the determination of personal accountability for the security failure. It is appropriate, however, for the Board to consider in the process of its review not only recommendations for the correction of any faulty security procedures that may have led to the failure, but whether the actions of one or more individuals contributed significantly to the failure.

Section 301—Accountability Review

This section directs the Secretary of State to convene a board to be known as the Accountability Review Board to look into any incident involving either serious injury, loss of life or significant destruction of property at or related to a U.S. Government mission abroad covered by the provisions of titles I through IV (other than a facility or installation subject to the control of a U.S. area military commander).

This requirement does not pertain to cases in which the Secretary determines that the causes are clearly unrelated to security.

Section 302—Accountability Review Board

Subsection (a) establishes that the Board shall consist of five members, four of whom are appointed by the Secretary of State, and one by the Director of Central Intelligence. The Department of State shall be responsible for providing the Board with facilities,

services, and supplies necessary to carry out its responsibilities. The Board may request that employees of any Federal agency be assigned to it on a temporary basis, with or without reimbursement. Finally, the Board may appoint and fix the pay of such experts and consultants as it deems necessary, in accordance with section 3109 of title 5 of U.S. Code.

Section 303—Procedures

This section empowers the Board to make use of certain procedural authorities relating to its ability to (a) administer oaths and affirmations; (b) require that depositions be given; and, (c) require the attendance and presentation of testimony and evidence.

This section further directs that if an individual fails to comply with a request of the Board, his refusal shall constitute grounds for:

—disciplinary action by the employing agency, if the individual is an employee of the federal government as defined by section 2105 of title V of the U.S. Code; or a member of the uniformed services as defined by section 101(3) of title 37 of U.S. Code or an employee of an instrumentality of the United States.

—debarment in the case of a contractor.

In the event persons, not described above, the Board may issue a subpoena requiring testimony or the production of evidence and if the person fails to obey that subpoena, a court order can be issued upon application by the Attorney General, requiring such an individual to appear before the Board to give testimony or present evidence as required by the subpoena.

Subsection (b) requires that the Board adopt such procedures as may be necessary concerning the confidentiality of records, the conduct of closed hearings or the submission of evidence in camera to ensure the protection of classified information relating to national defense, foreign policy, or intelligence matters. The Director of Central Intelligence shall establish the level of classification for intelligence related information.

Subsection (c) provides administrative procedures for the handling of records of the Board.

Subsection (d) directs that provisions of the Federal Advisory Committee Act and section 552(b) of title 5 of the United States Code shall not apply to any Board established under this title.

Section 304--Findings and recommendations by a Board

Subsection (a) directs a Review Board to establish the circumstances surrounding loss of life, serious injury or significant destruction of property at a U.S. Government mission abroad. The Board then must determine whether the incident was security related and whether there is reasonable cause to believe a breach of duty by an individual or individuals was at fault.

Under subsection (a) the Board must also take account of the circumstances at the time of the incident particularly those circumstances such as rules, regulations and instructions which would directly or indirectly affect the security program. In its investigation of the Embassy Security program and the security supplemental request, the committee was given examples of situations where senior management officials at embassies were indifferent to secu-

rity programs or appeared to rank security lower in priority than other programs or opposed specific security recommendations by experienced security officers. This subsection requires the Board to determine if responsibility for a security lapse should lie with senior management officials rather than a lower ranking security officer who was not able to influence or control a particular situation.

Subsection (b) directs the Board to make recommendations for security improvements appropriate to any program it reviews.

Subsection (c) establishes procedures for disciplinary proceedings including the obligation to notify the individual who is at fault in any security lapse and that individual's employer. The subsection also establishes procedures for handling records of these proceedings and preserving their confidentiality.

Subsection (d) requires that information and recommendations from the review be transmitted to the Secretary of State and to Congress, specifically the Committee on Foreign Relations and the Committee on Foreign Affairs.

Section 305—Relation to other proceedings

This section directs that nothing in this title shall be construed to create new administrative or judicial remedies not otherwise available by law; nor can any thing in this title be construed to deprive any individual of any right or legal defense which would otherwise be available to such individual.

Furthermore, nothing in this title can be construed to limit the authority of any agency to initiate such investigations or to undertake such administrative or disciplinary actions as it deems appropriate.

TITLE IV—DIPLOMATIC SECURITY PROGRAM

Section 401—Authorizations of appropriations

(a) Diplomatic Security program

Subsection (a) authorizes the appropriation of the following amounts to be available in the four respective categories of the diplomatic security programs:

For "Salaries and Expenses," $245,327,000;

For "Acquisition and Maintenance of Buildings Abroad," $857,806,000;

For "Counter-terrorism Research and Development," $2,000,000;

For "Anti-terrorism Assistance, $4,840,000.

"The Department of State New Diplomatic Security Program," submitted to the Senate Foreign Relations Committee in February, 1986, requested authorization of appropriations of $4,396,000,000 for fiscal years 1986 through 1990. The four main categories comprising this total are:

For "Salaries and Expenses, "$1,630,600,000;

For "Acquisition and Maintenance of Buildings Abroad," $2,653,800,000;

For "Counter-terrorism Research and Development," $84,000,000;

For "Anti-terrorism Assistance," $27,600,000.

The committee's decision to authorize funds for fiscal years 1986 and 1987 rather than the five years requested reflects the fact that the scope of the diplomatic security program is much larger than the scope of any program previously undertaken by the Department of State. The Department intends to hire more than 1,200 employees and work on more than 250 diplomatic construction or renovation projects. Prudent oversight of the diplomatic security program calls for the committee to authorize funds for fiscal years 1986 and 1987, to scrutinize the Department's use of these funds and previously authorized funds and then make another two-year authorization decision for fiscal years 1988 and 1989 in the regular budget authorization cycle.

In deciding the amount of funds to be authorized, the committee took the following points into consideration:

1. Fiscal year 1986 will be nearly completed by the time funds are available to the Department. Thus, the scope of the authorization covers a maximum of 14 months.
2. From fiscal year 1980 through fiscal year 1986, not including the 1986 supplemental request, $1,410,942,000 has been appropriated to the Department of State for diplomatic security. Of the $343,363,000 appropriated under the security supplemental request for 1985, $130,493,000 has been committed or obligated. Funds from both 1985 and 1986 appropriations are yet to be fully obligated or spent.
3. Some cost estimates for projects were poorly justified or not justified at all.
4. Some items such as furniture, a backup computer system and training facilities belong in the regular budget request rather than an urgent supplemental.
5. There have been and will continue to be delays in implementing projects and therefore the Department will not be able to fully employ all the funds it is requesting in any given year.

The committee believes the Department has done well in its selection of sites for construction or renovation in the first two years of the program. By and large, these are locations with serious security problems and where the U.S. missions are badly in need of new construction or renovation. However, the committee intends that the Foreign Buildings Office of the Department of State should scrutinize the design and construction planning for these sites to keep costs at a minimum.

In the "Salaries and Expenses" account, the committee intends that the Department devote available financial resources to those programs and personnel which directly improve security such as the programs for Marine Security Guards, Seabees, perimeter security personnel and post security officers. The employment of personnel not directly related to security should be postponed until all direct security requirements are met.

The committee also has urged the Department to put security as its highest priority and to consider those programs in the regular budget which can be trimmed, postponed or canceled to devote more resources to security needs.

It is the firm conviction of the committee after discussion of security programs with Foreign Service Officers and representatives of

other government agencies represented overseas that the main reason for tight budget controls in this program is not to save money but to insure that existing resources are used in ways which will save lives and protect U.S. interests.

The following tables illustrate the amounts requested for fiscal years 1986 and 1987 and the authorized amounts for major categories for the security supplemental program.

In determining the authorization levels, the Committee decided to authorize at 100 percent those items or programs which were directly related to improving physical security such as perimeter security, guards, regional security officers and security training. The Foreign Buildings program was authorized at 80 percent of the first year and 50 percent of the second year. The 80 percent level reflects the Committee's belief that cost estimates for embassy projects can realistically be reduced with good management and careful planning in the design phase of the project. Those personnel programs and items which received the lowest percentage of authorization or zero authorization were not directly related to security such as public affairs officers and administrative support.

The calendar was a major factor in determining authorization levels in that fiscal year 1986, the first year of the Department's proposed program will be nearly finished by the time funds are available. Therefore, fiscal year 1987 will be the first year of actual implementation. Scheduling is another major factor in that the requirements for new personnel such as recruiting, hiring, clearance and training will take a substantial amount of time before new employees are actually on the job. As for construction projects, scheduling is also a factor in that start up for some projects will be delayed beyond the scheduled time as has been the case in the past.

ACQUISITION, OPERATION AND MAINTENANCE OF BUILDINGS ABROAD

[In thousands of dollars]

Agency/Program	Requested		Authorization
	1986 estimate	1987 estimate	
Department of State			
Capital program projects:			
I. Construction at 75 posts	415,762	1,022,162	
II. Renovation and relocation at 24 posts			
Project Support			
Total, Department of State	420,531	1,028,800	850,824
Agency for International Development			
Capital program projects:			
I. New construction or relocation at 11 posts			
II. Rehabilitation of facilities at 40 posts			
Total, AID	14,807	26,161	24,925
United States Information Agency			
Capital program projects:			
I. Relocation of offices and libraries at 53 posts			
II. Relocation of libraries and cultural ctrs. at 17 posts			
III. Security upgrades at 30 VOA relay stations			
Total, USIA	15,444	30,648	27,679

ACQUISITION, OPERATION AND MAINTENANCE OF BUILDINGS ABROAD—Continued

[In thousands of dollars]

Agency/Program	Requested		Authorization
	1986 estimate	1987 estimate	
Department of Commerce Overseas			
Capital program projects (subtotal—excluding proceeds of sale)	454,532	1,089,609	5,000
Deduct: Proceeds of sales			
Total, acquisition, operation and maintenance of buildings abroad	454,532	1,089,609	908,428
Reductions of specific program costs			−50,622
Total			857,806

SALARIES AND EXPENSES SUMMARY

[In thousands of dollars]

Agency/Program	Requested		Authorization
	1986 estimate	1987 estimate	
Bureau of Diplomatic Security			
Residential security:			
Physical security at residences			
Residential security guard ser			
Residential sec. field support			
Subtotal, Residential security	71,522	93,780	94,967
Perimeter security program: Increased perimeter barrier cost	59,827	44,074	70,845
Engineering support:			
Physical security contractual engineering support			
Computer aided engineering and design systems			
Subtotal, Engineering support	1,210	2,973	1,953
Countermeasures and counter intelligence programs:			
Tech. countermeasures programs			
Counter intelligence program			
Subtotal, countermeasures and CI	10,132	10,015	12,635
Admin. of overseas guard program:			
Contract guards			
Assistant RSO positions			
Admin. of local guard program			
Subtotal, admin. of overseas guards	5,004	10,491	7,626
Security vehicle program:			
Light armoring program			
Security/follow car program			
Subtotal, Security vehicle program	43	74	117
Special protective equip. program:			
Weapons maintenance			
Special protective equip. and ammo			
Subtotal, Special protective equip	588	763	778
Regional security officers	250	286	536
Terrorist threat analysis	221	595	408
Protection of foreign dignitaries and missions in the U.S.:			
Special agents for protective security			
Protection of diplomatic and consular officials in the U.S			

SALARIES AND EXPENSES SUMMARY—Continued

[In thousands of dollars]

Agency/Program	Requested		Authorization
	1986 estimate	1987 estimate	
Protective technical program			
Subtotal, protection of foreign missions	4,865	9,405	13,017
Foreign service security training:			
Professional security personnel:			
Security training development			
Specialized security			
Improved post security personnel training			
General security training			
Federal law enforcement training center			
Documentation and info. staff			
Reimb. to Secret Service for protective training			
Expanded security training for other foreign service personnel:			
Security awareness training for personnel assigned to high threat posts			
Coping with violence abroad			
Orientation for spouses of MSGs and seabees			
Security training center			
Training support			
Subtotal, training support	9,060	12,683	5,279
Domestic security programs:			
Main State perimeter upgrade			
Internal physical security at Main State and annexes			
Procedural security support of regional and functional bureaus			
Domestic facility sec. officers			
Subtotal, Domestic sec. programs	1,863	3,257	3,863
General admin. and direction:			
Office of the Asst. Sec. and EX for Bureau of Dipl. Security			
Automation systems			
Recruitment costs			
Subtotal, General Admin. and Dir	5,157	10,653	2,020
Personnel security investigations	300	1,740	300
Total, Security	172,042	200,789	214,344
Office of Communications			
Protection of Class Office Equip			
Shielded Enclosure Acceleration			
Radio Frequency (RF) Shielding for FBO Initiatives			
Radio Support			
Total, Communications	27,769	43,104	18,240
Bureau of Administration			
Information systems security:			
Expand info systems security			
American system managers and operators at high technical threat OIS and Mini locations			
American system managers at all other minicomputer posts			
Overseas security support:			
Consolidation of SY functions			
Procurement and contracts			
Supply personnel and warehouse space			
Transportation			
Total, Administration	5,337	19,207	3,272

SALARIES AND EXPENSES SUMMARY—Continued

[In thousands of dollars]

Agency/Program	Requested		Authorization
	1986 estimate	1987 estimate	
Information Systems Office			
Alternate ADP Facility			
Establish Systems Security Staff			
Systems Design and Programming Support for SY and FBO			
Automation Support for Security and FBO Distributive Processing			
Overseas Financial Support			
American Systems Maintenance			
Total, Information Systems	27,481	6,017	
S/CT: Int. Cooperation Policy Dev. and interagency coordination	54	243	54
DS/CTP:			
Anti-Terrorism Assist. Program			
Central American police training			
Total, DS/CTP	87	365	87
EUR: Replacement of FSNs at Soviet and Eastern European posts	6,330	28,320	6,330
FSI: Security training	365	1,166	355
Legal: Legal support	142	573	71
M/DGP: Personnel support	340	450	170
M/COMP: Financial support	155	613	77
S/IG: Inspection and audit support	250	691	175
Total, State	235,342	301,538	243,175
AID:			
Communications improvements			
Armored vehicles			
Total, AID	500	500	500
USIA:			
Communications improvements			
Armored vehicles			
Domestic security			
Total, USIA	1,402	1,460	1,402
Department of Commerce: Armored Vehicles			
Peace Corps: Peace Corps Security	250	18	250
Total: Salaries and Expenses	237,494	303,516	245,327

(b) Reprogramming treatment

The House Foreign Affairs Committee and the Senate Foreign Relations Committee must be notified 15 calendar days in advance before funds can be obligated for any capital project authorized by this title and administered by the State Department Office for Foreign Buildings Operations. These notifications will be treated as reprogramming requests for the review and approval of the authorizing committees.

(c) Security requirements of other foreign affairs agencies

This subsection requires the Department of State to give equal attention to the security needs of all foreign affairs agencies in the future whatever the funding level for security. In addition, early on

the Department must bring other foreign affairs agencies directly into the decisionmaking process for the allocation of security resources.

(d) Insufficiency of funds

If budgetary shortfalls occur in any of the programs in any of the fiscal years authorized by titles I–IV of this act, the Secretary of State shall report to Congress on the effect of the shortfall for the Department of State and each foreign affairs agency.

Section 402—Diplomatic construction program

Strong American preference is needed for capital projects in the Department of State's New Diplomatic Security Program. This preference is necessary: (1) because of the unprecedented size and expense of the building program, and (2) because of the need to protect sensitive physical and technical security information associated with these projects. Except in circumstances specifically stated in this section, only American contractors may bid as prime contractors on capital projects for new construction, alteration or repair authorized by this title exceeding the estimated contract value of $5 million, and all such contracts must be awarded to American contractors. To be considered an American contractor, a firm must meet the following conditions:

—The firm must be incorporated or organized under U.S. law, which includes Federal, State, District of Columbia, and local laws.

—The firm must have its principal place of business in the United States.

—The firm must have been incorporated or legally organized in the United States for more than 5 years before the date that an invitation for a bid or a request for proposal is issued for a capital project. This provision is intended to ensure that a firm has been incorporated in the United States long enough to establish a record of reliability, quality, and on-time performance. Some length of business provision is necessary to establish this qualification, as many construction projects require 3 or more years for completion.

—The firm must have performed services similar to the complexity, cost, and construction-type to that of project open for bid.

—The firm must have achieved a total business volume in 3 of the previous 5 years at least equal to the value of the project being bid. The previous two requirements will help ensure that a firm is technically capable to carry out a given project.

—The firm must employ U.S. citizens in more than half of its full-time supervisory positions in the United States, and will employ U.S. citizens in 80 percent of the primary contractor supervisory positions on the site of the capital project up for bid. This requirement is meant to exclude foreign-owned "shell company" operations, where a foreign-owned U.S. company bids on a job, is awarded a contract, and then "subcontracts" the job to its foreign parent, which then performs all of the actual work.

—The firm must have existing technical and financial resources to perform the contract.

Exceptions may be made to the prohibition on awarding bids to non-U.S. contractors when only one U.S. contractor responds to the request for a bid, or when a project is in a country whose laws prohibit the use of U.S. contractors on U.S. diplomatic construction projects. If such a prohibition exists, the Secretary of State must certify to the Committee on Foreign Affairs and the Committee on Foreign Relations that the Department of State has urged this foreign government to permit U.S. contractors to work on such projects.

The requirements of this section apply to construction and rehabilitation programs undertaken by the Department of State in the New Diplomatic Security Program. The committee understands that lease-purchase procedures used by the Agency for International Development to establish facilities overseas do not fall under the requirements of this section.

In capital construction projects, the Department of State should to the extent practicable set aside 10 percent of the funds available for construction projects for the purpose of awarding contracts to American minority contractors. Nothing in this title, however, shall be construed as exempting any contractor from having to compete equally with all other American contractors under existing Department of State bid procedures from the requirements of having to submit the lowest qualified bid in order to be awarded a capital construction contract, or from the requirements in subsection (c)(2).

Section 402(e), an amendment offered by Senator Zorinsky, is designated to strengthen the security with respect to the Department's designs and blueprints.

Current State Department procedures allow any firm, American or foreign, to buy from the State Department's Office of Foreign Buildings the design and specification for U.S. embassies scheduled to be built. Contractors routinely reproduce the plans for their subcontractors to estimate costs while preparing bids.

It is the committee's concern that any company fronting for a terrorist organization or country such as Libya could acquire the floor plans for a U.S. mission under construction. In fact, one of the floor plans bidding on the embassy in Oman was the Consolidated Contractor Company, headed by Hasib Sabbagh, a Palestinian businessman who served as representative for Yassir Arafat in the withdrawal of the P.L.O. from Lebanon in 1982.

It is the committee belief that the Department's existing procedure creates a security problem. Senator Zorinsky's amendment directs the State Department to tighten up this procedure by requiring tougher regulations with respect to both contractors and subcontractors and by restricting the distribution of designs and blueprints to cleared contractors and subcontractors.

Section 403—Qualifications of persons hired for the diplomatic construction program

This section requires the Secretary of State to employ only those persons with demonstrated background in construction-related fields in carrying out the diplomatic construction projects authorized by this title.

In filling the additional positions authorized by this title, the Secretary of State shall actively recruit women and members of minority groups.

Section 404—Cost overruns

Given the size and scope of the diplomatic security program authorized by this title, even a small percentage cost overrun in this program is unacceptable. The committee expects that past serious overruns in security and capital construction projects administered by the Department of State will be avoided.

In order to maintain close oversight over the progress of the capital construction program, no amount required to complete any capital project in the diplomatic construction program authorized by this title may be obligated except in compliance with reprogramming procedures under section 34 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2706).

To carry out the intent of this section, the Secretary of State shall report to the House Foreign Affairs Committee and the Senate Foreign Relations Committee before funds are obligated for each capital construction project for site purchase or construction. Furthermore, the Secretary shall indicate whether and by how much the proposed obligation for that purpose is above or below the anticipated costs for those projects as described in the Department of State's Supplemental Diplomatic Security Program. Those projects that are projected to have cost overruns may not move forward if either of the authorizing committees object.

The Secretary of State must report anticipated site and construction costs to the authorizing committees on individual projects.

Section 405—Efficiency in contracting

In addition to concerns about cost overruns, the Committee intends that projects stay on schedule. The greater the unplanned delay in any project, the greater the chance of add-ons and cost inflation. To increase the likelihood of keeping the overall diplomatic construction program on schedule and under cost, the Director of the Office of Foreign Building Operations at the Department of State shall provide for a contract system of bonuses and penalties. Not later than 30 days after the enactment of this act, the Director shall report to the authorizing committees on the implementation of this section.

The committee also intends that the Foreign Buildings Office implement a system of surety bonds or guarantees in its construction program. A written response to the committee from the Department on this question was ambiguous.

In subsection 405(c), the committee intends that the Department declare firms doing business with Libya to be ineligible for any part of the New Diplomatic Security Program. With this requirement, the committee acknowledges that while physical security measures are important, they will have only limited effect as long as nations such as Libya support international terrorism and employ their resources to threaten U.S. interests.

Section 406—Training to improve perimeter security at U.S. diplomatic missions abroad

This section expresses the sense of Congress that the President should use his authorities under chapter 8 of Title II of the Foreign Assistance Act relating to antiterrorism training assistance to improve the security provided along the perimeter of U.S. missions abroad.

Section 407—Certain protective functions

This section will bolster State Department anti-terrorism programs that provide security protection for the United Nations and U.N. related activities now carried out under title 3 of the United States Code, by the Department of State, pursuant to Executive Order 12478, dated May 23, 1984.

This section will significantly strengthen the range of authorities available for U.N. protection under title 3 by including the protection provision now available under the Foreign Missions Act. This includes, among other provisions, the authority to effect the location of foreign missions based on security concerns, the ability to provide protection for activities that occur away from but are related to U.N. mission activities, provide protection against hostile activities that occur near the United Nations Headquarters, and allow the Attorney General to engage the judicial process on behalf of foreign missions.

Both the decision to provide protective services and the funding for such activities are determined under title 3 of the United States Code. This section provides that provisions of the Foreign Missions Act may be utilized in support of those activities.

Section 408—Reimbursement of the Department of the Treasury

National Security Directive 207 mandates that, as of May 1, 1986, the Secret Service shall provide protection for spouses of heads of State—a function previously carried out by the State Department's Security Office. This section, offered as an amendment by Senator Zorinsky, would require the Department of State to reimburse the Department of the Treasury for the actual costs incurred by providing this protection.

The Treasury Department estimates that this additional service will annually cost about $1.6 million. The following justification was provided to the committee by the Secret Service.

PROJECTIONS FOR ACCOMPANYING SPOUSES

Background

The basic assumptions used for projecting the annual cost of protecting foreign dignitary spouses are as follows:

—Spouses will accompany the foreign dignitary on 80 percent of trips, or 103 annually.

—They will travel together within the United States on 33 of these trips.

—The spouses will take 52 one-day INRA-city trips separate from the dignitary once in the United States; and, six trips separate

from the dignitary involving inter-city U.S. travel to an average of two cities.

Using an increased detail size of two when dignitary/spouse are together, and an 18-person detail for spouse only, approximately 2,342 agent days will be needed for this program. Working 12 hour shifts, and accounting for lost leave and training hours, we calculate that 15 agents will be required for this program.

Cost of 15 agent positions ($988,875)

The cost of 15 agent positions totals $988,875, which include basic salary, benefits, transportation, rent, printing, contractual services, supplies, and equipment costs.

Per diem ($79,628)

This cost is derived by multiplying total agent days required (2,342) by the protective per diem daily rate of $34.

Hotels ($302,118)

Average single room hotel costs in fiscal year 1985 totaled $129 for foreign dignitary protective support. This was also multiplied by 2,342 agent days for the annual costs.

Miscellaneous travel costs ($23,420)

This computation is derived from an estimate of $10 daily for miscellaneous expenses and 2,342 agent days. The $10 expense is based on actual fiscal year 1985 expenses for miscellaneous travel costs in this area.

Auto lease ($9,785)

In fiscal year 1985, the Service spent approximately $19 daily for auto leases involved with foreign dignitary protection. Given 515 days involving a spouse visit (103 trips $\times$ 5 days), multiplied by $19, the above costs have been developed.

GTR's ($201,348)

The foundation for this total cost is 1) 1,598 special agent round-trips, and 2) an average round-trip GRT rate of $126, which is based on fiscal year 1985 GTR expenditures for dignitary protective support.

The basic assumptions of the spouse accompaniment rate (80 percent of total foreign dignitary travel), dignitary/spouse travel rate, and spouse alone travel rate dictate total agent trips. For example, if the spouse takes 52 one day trips, accompanied by 18 agents, we can safely calculate 936 SA round-trip GRT's (52 $\times$ 18). If the spouse travels alone within the United States and visits an average of two cities, we can estimate another 324 agent GRT's.

Summary (total=$1,605,174)

It should be noted that the bulk of these costs are associated with the 15 additional agents which would be required for this program. Also, support costs have not been included in this analysis.

The State Department strenuously objects to the cost assumption set forth by the Department of the Treasury and provided the committee with the following statement:

DS Costs To Protect Accompanying Spouses of Chiefs of State/ Heads of Government (COS/HOG)

DS has had the opportunity to carefully study both the Secret Service justification for $1.6 million for protection of accompanying spouses as well as our previous costs for this service. There is a wide gulf between what the Secret Service is proposing to the Senate and what we have found in our experience to be reasonable for this function.

The Secret Service assumes that it will provide protective services for *every* accompanying spouse of a COS/HOG, or 103 annually. To do so is neither realistic nor desirable. Certainly only a few spouses of foreign leaders are threatened, and thus, the State Department traditionally has protected spouses based on identifiable threat. To afford protection for the spouses of non-threatened leaders of some small nations when we do not afford protection to some high ranking cabinet members of larger countries simply would not be in the best interests of the USG or cost effective.

The NSDD orders the Secret Service to provide protective services to *accompanying* spouses of a world leader visiting the United States. When the spouse arrives separately and has an individual itinerary such frequently as is the occasion with Prince Charles or Prince Phillip, the State Department will continue to provide the protective services when warranted. Yet the Secret Service based most of its personnel increase estimates on eighteen-person details for spouses who arrive in the United States with a world leader, but travel *separately* from them while here. Not only is this an incorrect assumption, but an eighteen-person detail for some spouses who are neither threatened nor want protective services is absurd. This is especially true in light of current fiscal austerity: we have observed that the Secret Service has cut back the size of its details greatly. Further, it is our experience that many spouses whom we have protected demand only one or two protective agents—not a squadron. Even our own First Lady does not travel in the United States with 18 agents but more often with less than one-half of this figure. Obviously, it does not make good sense to provide more agent protection for other spouses than we afford our own First Lady.

It is our experience that if there is a threat to a visiting leader, the accompanying spouse does not go off on his/her own, but travels with the dignitary. This reduces the size of the detail. A primary reason the State Department has used more than one or two agents on some protective details of accompanying spouses is that its communications are not compatible with those of the Secret Service. Thus, even though two protected persons traveled together, the protective services were separate and unique. Since the Secret Service will be using its own resource base with compatible radio equipment, procedures and methods, one would think that even less agents are required to protect spouses under this "protective umbrella" than that the State Department has used. This is especially true given that a midnight shift is unnecessary when two protectees stay in the same residence and are guarded by one protective agency.

In fiscal year 1985, the Diplomatic Security Service was asked to protect eleven accompanying spouses. One was declined due to lack of a threat. Ten protective details were provided, ranging in size from one agent to fourteen. The average size of the details was 5.6 agents. We have determined that not one of these spouses left the city from the COS/HOG. The Secret Service estimates that it would need 2,342 agent days for this program. Yet we used less than 1.5 man years in fiscal year 1985 and less than 1 man year in fiscal year 1984. Specifically, this amounts to 372 agent days in fiscal year 1985, and 217 agent days for 10 details in 1984. We also note that an accompanying spouse has never been harmed or injured while under the protection of the Department of State.

We have determined that in fiscal year 1985, each accompanying spouse visited an average of only two cities. In four out of ten cases last year, the spouse went to only one city. In virtually all cases, the spouse went to cities in which we have field office personnel such as New York and Washington. Particularly in New York and Washington, we predominantly use field office personnel to provide the protective services. Thus, travel, lodging and other costs are minimal. Since the Secret Service also practices this, we assume its costs would be brought down similarly. This is not reflected in the USSS estimates.

Our total expenditures (including salaries) for protection of accompanying spouses for fiscal year 1985 was $132,554, and only about half this amount was required in fiscal year 1984. Our expenditures thus far this fiscal year are $13,733. This is a far cry from $1.6 million annually. Attached are our actual costs and the Secret Service projected costs.

Department of State estimates

The basic assumptions for future costs associated with protection of spouses of visiting Chiefs of State and Heads of Government are:

The costs of protection will remain stable or rise slightly.

At mid year fiscal year 1986, costs for protecting spouses are $13,733 for four protective details. We project fiscal year 1986 costs at a maximum of $90,000, due to a lesser number of traveling spouses who require protection.

$132,544 per annum, 2 additional agent positions are required for this function based on USSS figures of $65,925 per agent including salary, benefits, transportation, rent, printing, contractual services, supplies and equipment costs.

At $90,000 per annum (our projected costs this year). 1½ positions are needed for this function based on USSS figures.

In adopting Senator Zorinsky's amendment, the committee noted that the Departments differ on this point and mandated in this section that they reach an agreement on the actual costs of providing this protection.

TITLE V—TERRORISM PROVISIONS

The Senate Foreign Relations Committee reported bill contains three provisions from the House-passed measure, H.R. 4151, dealing with the broader issue of terrorism with minor changes:

Section 501—Rewards for information relating to international narcoterrorism and drug trafficking

This provision authorizes an additional $5 million to the present terrorism rewards-for-information fund to permit payment for rewards for information leading to the arrest and prosecution of major narcotics traffickers or rewards in connection with the killing, or attempted killing, of U.S. personnel in connection with their narcotics-related duties.

The reported bill strengthens the consultation process between the Department of State and the Justice Department to ensure that the payments under the new authority do not disrupt DEA investigations, especially the operation of their informant networks.

Section 502—Counter-terrorism protection fund

This section fills a gap in present authorities by permitting the State Department to make reimbursement for the protection of persons who provide information relating to terrorist incidents outside the United States. The fund would also augment the Administration of Justice program by providing witness protection funds in those instances in which the United States has lent special assistance in the investigation and prosecution of a case.

Section 503—Authority to control certain terrorism-related services

The purpose of this provision is to permit the Secretary of State to regulate the provision of services (training or other technical services) to the security forces of countries which qualify to be placed on the terrorism list as defined by the Export Administration Act. The chief instrument of regulation envisioned by the section is a license to be issued by the Secretary of State. The section makes the willful provision of services without obtaining the necessary license a crime.

The language contained in this section narrows the authorities of the administration proposal of three years ago which arose out of the Wilson-Terpil case. At that time civil liberties questions were raised about the scope of the powers to be granted to the executive branch in defining who was a terrorist or a supporter of terrorism.

The language in the substitute differs from the House proposal by adding a section giving the Department of the Treasury and the Department of Justice authority to investigate violations of the regulations to be issued under the section.

TITLE VI—FASCELL FELLOWSHIP PROGRAM

This title establishes a fellowship program affording U.S. students, teachers, scholars and other individuals with background and knowledge of Soviet and East European area studies and languages, the valuable opportunity to serve on a short-term basis at a U.S. diplomatic facility in the Soviet Union or Eastern Europe, replacing foreign nationals presently employed at those missions. This legislation is also intended to facilitate section 136 of the Foreign Relations Authorization Act, fiscal years 1986 and 1987, which stipulates that "to the maximum extent practicable, citizens of the Soviet Union shall not be employed as foreign national employees

at U.S. diplomatic or consular missions in the Soviet Union after September 30, 1986".

Section 601—Short title

This title may be referred to as the "Fascell Fellowship Act."

Section 602—Fellowship program for temporary service at United States missions in the Soviet Union and Eastern Europe

Sections 602 (a) and (b) establishes a program to fund up to 100 fellowships (to be known as "Fascell Fellowships") for U.S. citizens while they serve for a period of 1 to 2 years at U.S. Embassies or consulates in the Soviet Union and Eastern Europe. These fellows would replace Soviet and East European nationals presently employed at these missions. This legislation calls upon the Secretary of State to provide such fellowships to qualified applicants.

Section 602(c) states that the purpose of the fellowship program is to afford the fellowship recipients the unique opportunity to serve on a short-term basis at a U.S. diplomatic mission in the Soviet Union or Eastern Europe in order to obtain first-hand working exposure to the country in which they serve, including, as appropriate, independent study in Russian or the respective East European language or area studies.

Such knowledge is a vital and valuable resource for the United States, a resource which will enhance this country's ability to meet the challenge of dealing with the Soviet Union and its allies.

The legislation envisages that the fellowship program will be implemented gradually, its scope broadening as the needs of the U.S. diplomatic missions in the Soviet Union and Eastern Europe become known and resources become available.

Sections 602 (d) and (e) specifies that the fellowships will be open to U.S. citizens who are either undergraduate students, graduate students, teachers, scholars or other individuals who have experience in Soviet and East European Area Studies and languages and who have a working knowledge of the principle language of the country in which they will serve. The Secretary of State is instructed to actively recruit women and members of minority groups for these fellowships.

Section 603—Fellowship Board

Section 603(a) establishes a Fellowship Board which will select the candidates eligible to receive a Fellowship under this title. The Secretary of State will make the final determination of which candidates proposed by the Fellowship Board will be selected and which positions they will fill.

Section 603(b) stipulates that the Board will consists of nine members chaired by a senior official of the Department of State, designated by the Secretary of State. Other members will include officers of the Department of Commerce and the United States Information Agency, designated by the heads of these organizations, as well as six academic Soviet or East European specialists appointed by the Secretary of State in consultation with the Chairman of the House Foreign Affairs Committee and Chairman of the Senate Committee on Foreign Relations, and the ranking minority members of these committees.

Section 603(c) stipulates that the board will meet at least once a year to select the candidates eligible for a fellowship. Section 603(d) provides that members of the Board will receive no compensation for their service on the Board but may be allowed travel expenses and per diem while away from their homes in performance of their duties as Board members.

Section 604—Fellowships

Sections 604 (a) and (b) state that the Fellowship Board will determine the amount and duration (between 1-2 years) of each fellowship, based upon the position in which the Fellow will serve and his or her experience and expertise. The Fellows will not serve on a direct hire basis but will receive remuneration in the form of a stipend or scholarship. Up to 100 Fellowships may be provided each year.

Sections 604 (c), (d) and (e) state that each Fellow will be given the necessary training and orientation prior to his service abroad, at the Foreign Service Institute or other appropriate institution. Housing for the Fellows will be provided by the Department of State in the countries in which they will serve, including, where appropriate, housing for family members. The Department of State will pay the costs of roundtrip transportation between the United States and the country in which the Fellow will serve, including travel for family members. The housing and transportation sections of this legislation will not take effect until October 1, 1986.

Given the security threat which all Americans face in the Soviet Union, the committee suggests that the Department of State provide detailed defensive security briefings for all Fellows prior to their departure for the USSR or Eastern Europe, periodic security briefings while assigned to diplomatic facilities and a final debriefing prior to departure from post.

Section 605—Secretary of State

Section 605(a) stipulates that the Secretary of State will make the final determination of which eligible candidates selected by the Fellowship Board will actually receive the fellowships and the position in which each will serve based upon the needs of the U.S. diplomatic and consular posts in the Soviet Union and Eastern Europe.

Section 605(b) states that the Fellows will serve in accordance with the relevant provisions of the Foreign Service Act of 1980, the State Department Basic Authorities Act of 1956 and title 5 of the United States Code.

Section 605(c) provides that the Fellowship Program will be financed by funds appropriated to the Department of State for "salaries and expenses". These expenses will be offset by the savings incurred through the dismissal of foreign national employees in the U.S. diplomatic missions in the Soviet Union and Eastern Europe.

TITLE VII—MISCELLANEOUS PROVISIONS

Section 710—Peace Corps authorization of appropriations

The committee adopted an amendment proposed by Senator Dodd and cosponsored by Senators Kerry and Evans to increase the

authorization of appropriations for the Peace Corps for fiscal year 1987 (in section 3(b) of the Peace Corps Act) from $130 million to $137.2 million in order to begin implementation of a six-year plan to expand the Peace Corps to reach its Congressionally-established goal of a 10,000-volunteer strength.

In the International Security and Development Cooperation Act of 1985, Public Law 99-83, Congress established as a Peace Corps goal the attainment of a volunteer strength of 10,000 volunteers. Currently, the Peace Corps has about half that many volunteers. In the mid-sixties, more than 15,000 Peace Corps volunteers served throughout the developing nations of the world. Yet, while the populations of the developing countries where volunteers serve have been increasing steadily, the number of volunteers has declined substantially. This decline has resulted from funding limitations—not from a lack of interest from Americans in volunteering to serve or a lack of interest from host countries. Indeed, the Peace Corps is currently receiving the highest level of volunteer inquires in 20 years and has numerous unmet requests from host countries for new or expanded volunteer efforts.

The committee believes that this program of people-to-people assistance is at least as vitally important today as it was 20 years ago in promoting world peace and understanding.

Earlier this year, a number of Members of this committee and of the House and the Senate requested the Peace Corps Director to submit a plan to move in a phased, realistic, and programmatically appropriate way to achieve the 10,000-volunteer goal. The plan submitted on March 5 provided a blueprint for moderate Peace Corps growth over six fiscal years reaching the 10,000-volunteer goal by fiscal year 1992. This plan would require a fiscal year 1987 appropriation of $137.2 million—an increase of $7.2 million over the current authorization for fiscal year 1987—in order to support a total of 6,108 volunteers and 3,171 trainees.

The committee's increase in the fiscal year 1987 Peace Corps authorization level would provide for the first stage of implementation of the plan to reach the 10,000-volunteer goal by fiscal year 1992.

Cost Estimate

In accordance with Rule XXVI, paragraph 11(a) of the Standing Rules of the Senate, the committee provides the following estimates of the cost of H.R. 4151, prepared by the Congressional Budget Office:

U.S. Congress,
Congressional Budget Office,
Washington, DC, May 22, 1986.

Hon. Richard G. Lugar,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the attached cost estimate on H.R. 4151, the Diplomatic Security and Antiterrorism Act of 1986, as ordered reported by the Committee on Foreign Relations on May 14, 1986.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

RUDOLPH G. PENNER, *Director.*

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: H.R. 4151.

2. Bill title: Diplomatic Security and Antiterrorism Act of 1986.

3. Bill status: As ordered reported by the Senate Committee on Foreign Relations on May 14, 1986.

4. Bill purpose: Titles I though IV, or the Diplomatic Security Act, authorize the appropriation of $1.1 billion for fiscal years 1986 and 1987 for a comprehensive security enhancement program in the Department of State. These titles also include provisions relating to the Diplomatic Security Service and the Accountability Review Board and establish other security-related procedures.

Title V authorizes $10 million for the State Department in fiscal year 1987 for rewards for information relating to international terrorists and drug trafficking and $1 million each year for fiscal years 1986 and 1987 for a Counterterrorism Protection Fund to finance protection for individuals who provide assistance relating to terrorist incidents.

Title VI, the Fascell Fellowship Act, establishes a fellowship program so that United States citizens can obtain first hand knowledge about the Soviet Union and Eastern European countries by serving at diplomatic posts in these countries in positions formerly held by foreign national employees. The title also establishes a Fellowship Board to select the recipients and limits the program to 100 fellowships per year.

Title VII authorizes the appropriation of an additional $7.2 million for the Peace Corps in fiscal year 1987.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1986	1987	1988	1989	1990	1991
Estimated authorization amounts	461	668	0	0	0	0
Estimated outlays	19	210	361	258	163	95

Note.—Costs for this bill fall into budget function 150.

Basis for estimate: This estimate assumes enactment of this legislation by July 1, 1986 and subsequent appropriation of the authorized amounts.

Titles I–IV: These titles authorize the appropriation of $1.1 billion for the Diplomatic Security Program for fiscal years 1986 and 1987, including $858 million for acquisition and maintenance of buildings abroad, $245 million for salaries and expenses, $5 million for antiterrorism assistance, and $2 million for counterterrorism research and development. Since the bill does not specify annual authorization levels, this estimate uses the split between the 1986 and 1987 authorization recommended in the draft report language.

The outlay estimate for salaries and expenses uses historical spending patterns for personnel, overseas property upgrades, and

communication systems. The outlays estimate for embassy construction is based on the Administration's schedule of building projects. Due to the difficulty of administering such a large program, outlays were estimated to be slower than the historical spending patterns for embassy construction and other security-related programs. (See table below.)

[By fiscal year, in millions of dollars]

	1986	1987	1988	1989	1990	1991
Estimated authorization amounts:						
Acquisition and maintenance of buildings abroad	362	496	0	0	0	0
Salaries and expenses	98	147	0	0	0	0
Antiterrorism assistance	0	5	0	0	0	0
Counterterrorism research and development	0	2	0	0	0	0
Total	460	650	0	0	0	0
Estimated outlays	19	204	359	258	163	95

Title V: Title V authorizes the appropriation of $10 million for fiscal year 1987 for rewards for information relating to international terrorists and drug trafficking and an additional $1 million each year for fiscal years 1986 and 1987 for a Counterterrorism Protection Fund. It is impracticable to estimate outlays for these rewards.

Title VI: Expenses incurred for the Fascell Fellowship program are to be appropriated through the salaries and expenses account for the Department of State. Fellowship recipients will be in addition to those Americans replacing foreign national employees for security reasons. The bill does not authorize any additional amounts for the fellowship program, but the State Department will incur costs of $100,000 to $200,000 per recipient per year. Based on the State Department's expectations of 5 to 20 recipients per year, the resulting costs would be approximately $2 million each year for fiscal years 1987 through 1991.

Title VII: Title VII increases the authorization for the Peace Corps in fiscal year 1987 by $7.2 million. Outlays are estimated using historical spending patterns for this program. (See table below.)

[By fiscal year, in millions of dollars]

	1986	1987	1988	1989	1990	1991
Authorization level	130	137	0	0	0	0
Existing authorization	130	130	0	0	0	0
Net authorization	0	7	0	0	0	0
Estimated outlays	0	6	1	0	0	0

6. Financing mechanism: This legislation authorizes funding to be provided in subsequent appropriations act. Such funding is discretionary and may be lower than the authorized amount.

7. Estimated cost to State and local governments: None.

8. Estimate comparison: None.

9. Previous cost estimate: None.

10. Estimate prepared by: Lisa R. Brown.
11. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

Evaluation of Regulatory Impact

In accordance with Rule XXVI, paragraph 11(b) of the Standing Rules of the Senate, the committee has concluded that there will be a regulatory impact caused by a number of provisions in H.R. 4151, as amended by the committee. However, because of the time involved and importance of the subject matter of the bill, it was impractical to completely comply with all the requirements of Rule XXVI, paragraph 11(b).

Changes in Existing Law

In compliance with paragraph 12 of Rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Act of May 26, 1949

AN ACT To strengthen and improve the organization and administration of the Department of State, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be in the Department of State, in addition to the Secretary of State, an Under Secretary of State for Political Affairs, an Under Secretary of State for Economic Affairs, an Under Secretary of State for Management, and [fourteen] *fifteen* Assistant Secretaries of State.

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TITLE 5, UNITED STATES CODE

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PART III—EMPLOYEES

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Subpart D—Pay and Allowances

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CHAPTER 53—PAY RATES AND SYSTEMS

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Subchapter II—Executive Schedule Pay Rates

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§ 5315. Positions at level IV

Level IV of the Executive Schedule applies to the following positions, for which the annual rate of basic pay shall be the rate determined with respect to such level under chapter 11 of title 2, as adjusted by section 5318 of this title:

Deputy Administrator of General Services.

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Assistant Secretaries of State [(14).] *(15).*

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SECTION 208 OF TITLE 3, UNITED STATES CODE

§ 208. Reimbursement of State and Local governments

(a) In carrying out the functions pursuant to section 202(7), the Secretary of Treasury may utilize, with their consent, on a reimbursable basis, the services, personnel, equipment, and facilities of State and local governments, and is authorized to reimburse such State and local governments for the utilization of such services, personnel, equipment, and facilities. The Secretary of Treasury may carry out the functions pursuant to section 202(7) by contract. The authority of this subsection may be transferred by the President to the Secretary of State. *In carrying out any duty under section 202(7), the Secretary of State is authorized to utilize any authority available to the Secretary under title II of the State Department Basic Authorities Act of 1956.*

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STATE DEPARTMENT BASIC AUTHORITIES ACT OF 1956

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TITLE I—BASIC AUTHORITIES GENERALLY

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[SEC. 36. (a) The Secretary of State may pay a reward to any individual who furnishes information—

[(1) leading to the arrest or conviction in any country, of any individual for the commission of an act of international terrorism, or

[(2) leading to the arrest or conviction, in any country, of any individual for conspiring or attempting to commit an act of international terrorism, or

[(3) leading to the prevention, frustration, or favorable resolution of an act of international terrorism.

if the act of international terrorism is against a United States person or United States property and is primarily outside the territorial jurisdiction of the United States.]

SEC. 36. (a) The Secretary of State may pay a reward to any individual who furnishes information leading to—

(1) the arrest or conviction in any country of any individual for committing, or for conspiring or attempting to commit, an act of international terrorism; or

(2) the prevention, frustration, or favorable resolution of an act of international terrorism if the act of international terrorism is against a United States person or United States property and is primarily outside the territorial jurisdiction of the United States.

(b) The Secretary of State, upon the request of a chief of mission and with the concurrence of the Attorney General, may pay a reward to any individual who furnishes information leading to—

(1) the arrest or conviction in any country of any individual for committing outside the United States any narcotics-related offense if such offense involves or is a significant part of conduct that involves—

(A) a violation of the laws of the United States for the prevention and control of illicit traffic in controlled substances (as such term is defined for the purpose of the Controlled Substances Act);

(B) an act of narcoterrorism, which includes the killing or kidnapping outside the territorial jurisdiction of the United States of—

(i) any officer, employee, or contract employee of the United States Government while such individual is engaged in official duties, or on account of that individual's official duties, in connection with the enforcement of United States drug laws or the implementing of United States drug control objectives; or

(ii) a member of the immediate family of any such individual on account of that individual's official duties in connection with the enforcement of United States drug laws or the implementation of United States drug control objectives; or

(C) an attempt or conspiracy to do any of the acts described in paragraph (1) or (2); or

(2) the prevention or frustration of an act described in paragraph (1).

[(b)**]** *(c)* A reward under this section may not exceed $500,000. A reward of $100,000 or more may not be made without the approval of the President or the Secretary of State personally.

[(c)**]** *(d)* Before making a reward under this section in a matter over which there is Federal criminal jurisdiction, the Secretary of State shall advise and consult with the Attorney General.

[(d)**]** *(e)* Any reward granted under this section shall be certified for payment by the Secretary of State. If the Secretary determines that the identity of the recipient of a reward or of the members of the recipient's immediate family must be protected, the Secretary may take such measures in connection with the payment of the reward as he deems necessary to effect such protection.

[(e)**]** *(f)* An officer or employee of any governmental entity who, while in the performance of his or her official duties, furnishes information described in subsection (a) *or (b)* shall not be eligible for a reward under this section.

[(f)**]** *(g)* There are authorized to be appropriated, without fiscal year limitation, $5,000,000 for use in paying rewards under this section**[**.**]** *up to $2,000,000 of which may be used for rewards for information described in subsection (b)(1) (A) or (B). In addition to the*

amount authorized by the preceding sentence, there are authorized to be appropriated $10,000,000 for fiscal year 1987 for "Administration of Foreign Affairs" for use in paying rewards under this section, up to $5,000,000 of which may be used for rewards for information described in subsection (b)(1) (A) or (B). Additional funds to pay rewards under this section shall be authorized to be appropriated in the annual authorizing legislation for the Department of State.

(h) Not later than 30 days after paying any reward under this section, the Secretary of State shall submit a report to the Congress with respect to that reward. The report, which may be submitted on a classified basis if necessary, shall specify the amount of the reward paid, to whom the reward was paid, and the acts with respect to which the reward was paid, and shall discuss the significance of the information for which the reward was paid in dealing with those acts.

(i) The purpose of the rewards under subsection (b) is to assist narcotics law enforcement in the effective arrest and prosecution of major narcotics traffickers and, wherever appropriate, to offer rewards in connection with the killing of, or the attempt to kill, any United States officer or employee, in connection with the performance of narcotics control duties by such officer or employee, or any member of the family of such officer or employee. To ensure that the rewards program authorized by this section, especially subsection (b)(1)(A), does not duplicate or interfere with the payment of informants or the purchase of evidence or information, as authorized to the Department of Justice, the offering, administration, and payment of rewards under subsection (b), including procedures for—

(1) identifying individuals, organizations, and offenses for which rewards will be offered,

(2) the publication of rewards,

(3) offering of joint rewards with foreign governments,

(4) the receipt and analysis of data,

(5) the payment and the approval of payment, and

(6) the recommendations of rewards by chiefs of mission to the Secretary of State and the Attorney General,

shall be governed by procedures approved by the Secretary of State and the Attorney General.

(j) As used in this section—

(1) the term "United States drug laws" means the laws of the United States for the prevention and control of illicit traffic in controlled substances (as such term is defined for purposes of the Controlled Substances Act); and

(2) the term "member of the immediate family" includes—

(A) a spouse, parent, brother, sister,, or child of the individual;

(B) a person to whom the individual stands in loco parentis; and

(C) any other person living in the individual's household and related to the individual by blood or marriage.

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SEC. 39. COUNTERTERRORISM PROTECTION FUND.

(a) AUTHORITY.—The Secretary of State may reimburse domestic and foreign persons, agencies, or governments for the protection of

judges or other persons who provide assistance or information relating to terrorist incidents primarily outside the territorial jurisdiction of the United States. Before making a payment under this section in a matter over which there is Federal criminal jurisdiction, the Secretary shall advise and consult with the Attorney General.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary of State for "Administration of Foreign Affairs" $1,000,000 for fiscal year 1986 and $1,000,000 for fiscal year 1987 for use in reimbursing persons, agencies, or governments under this section.

(c) DESIGNATION OF FUND.—Amounts made available under this section may be referred to as the "Counterterrorism Protection Fund".

SEC. [39.] *40.* This Act may be cited as the State Department Basic Authorities Act of 1956.

SEC. 40. AUTHORITY TO CONTROL CERTAIN TERRORISM-RELATED SERVICES.

(a) AUTHORITY.—The Secretary of State may, by regulation, impose controls on the provision of the services described in subsection (b) if the Secretary determines that provision of such services would aid and abet international terrorism.

(b) SERVICES SUBJECT TO CONTROL.—The services subject to control under subsection (a) are the following:

(1) Serving in or with the security forces of a designated foreign government.

(2) Providing training or other technical services having a direct military, law enforcement, or intelligence application, to or for the security forces of a designated foreign government.

Any regulations issued to impose controls on services described in paragraph (2) shall list the specific types of training and other services subject to the controls.

(c) PERSONS SUBJECT OF CONTROLS.—These services may be controlled under subsection (a) when they are provided within the United States by any individual or entity and when they are provided anywhere in the world by a United States person.

(d) LICENSES.—In carrying out subsection (a), the Secretary of State may require licenses, which may be revoked, suspended, or amended, without prior notice, whenever such action is deemed to be advisable.

(e) DEFINITIONS.—

(1) DESIGNATED FOREIGN GOVERNMENT.—As used in this section, the term "designated foreign government" means a foreign government that the Secretary of State has determined, for purposes of section 6(j)(1) of the Export Administration Act of 1979, engages in or provides support for international terrorism.

(2) SECURITY FORCES.—As used in this section, the term "security forces" means any military or paramilitary forces, any police or other law enforcement agency (including any police or other law enforcement agency at the regional or local level), and any intelligence agency of a foreign government.

(3) UNITED STATES.—As used in this section, the term "United States" includes any State, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the

Northern Mariana Islands, and any territory or possession of the United States.

(4) UNITED STATES PERSON.—As used in this section, the term "United States person" means any United States national, any permanent resident alien, and any sole proprietorship, partnership, company, association, or corporation organized under the laws of or having its principal place of business within the United States.

(f) VIOLATIONS.—

(1) PENALTIES.—Whoever willfully violates any regulation issued under this section shall be fined not more than $100,000 or five times the total compensation received for the conduct which constitutes the violation, whichever is greater, or imprisoned for not more than ten years, or both, for each such offense.

(2) INVESTIGATIONS.—The Attorney General and the Secretary of the Treasury shall have authority to investigate violations of regulations issued under this section.

(g) CONGRESSIONAL OVERSIGHT.—

(1) REVIEW OF REGULATIONS.—Not less than 30 days before issuing any regulations under this section (including any amendments thereto), the Secretary of State shall transmit the proposed regulations to the Congress.

(2) REPORTS.—Not less than once every six months, the Secretary of State shall report to the Congress concerning the number and character of licenses granted and denied during the previous reporting period, and such other information as the President may find to be relevant to the accomplishment of the objectives of this section.

(h) RELATIONSHIP TO OTHER LAWS.—The authority granted by this section is in addition to the authorities granted by any other provision of law.

(i) CONSTRUCTION.—Nothing in this section may be construed to make unlawful any activity conducted by an officer or employee of the United States Government, or any agent thereof, which is properly authorized and conducted in accordance with Federal laws, rules, and regulations, including Executive Orders, governing such activities.

SEC. [40.] *41.* This Act may be cited as the State Department Basic Authorities Act of 1956.

THE PEACE CORPS ACT, AS AMENDED

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TITLE I—THE PEACE CORPS

* * * * * * *

AUTHORIZATION

SEC. 3. (a) * * *

[(b) There are authorized to be appropriated to carry out the purposes of this Act $130,000,000 for each of the fiscal years 1986 and 1987.]

(b) There are authorized to be appropriated to carry out the purposes of this Act $130,000,000 for the fiscal year 1986 and $137,200,000 for the fiscal year 1987.

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